

Business Tax Symposium – Sales Tax E-Filing

July 6th 2012



Agenda

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- E-Filing Benefits for the Department of Revenue
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■ The case for Sales Tax E-Filing



By The Numbers

- May 2011 through April 2012
- Total Sales Tax Returns = 1,980,778
- Percent E-Filed = 32.5%
 - Revenue Online = 118,727
 - XML/Vendor/Spreadsheet = 525,836



E-Filing Targets

- 2012 = 40%
- 2013 = 50%
- 2014 = 60%
- 2015 = 65%
- 2016 = 70%
- 2017 = 75%
- 2018 = 80%

■ *Note: For 2011 - Individual Income is around 80%*



E-Filing Benefits - Taxpayer

- **Ensure timely filing.** Filing your return electronically avoids delays since the department receives the return the same day filed. Payments are effective the same day submitted.
- **Provides confirmation that the return and payment have been received.**
- **Minimize errors that could result in a bill for additional tax, penalty and interest.**
- **Help to avoid data entry errors, incorrect tax rates and mathematical errors.** When filing a paper return, more errors will occur when they are processed due to illegible print or other reasons.



E-Filing Benefits - Taxpayer

- **Filing single filed electronic returns will show taxpayers errors as they go through the process.**
- **The taxpayers can view their returns and payments in their accounts on Revenue Online.** You can view an electronically filed return in 1-3 days and a paper return in 7-10 days.
- **Returns will not get lost in the mail.**



E-Filing Benefits - DOR

- **Improved distribution processing for local governments.**
- **Less manual processing.**
- **Less delays in processing due to math errors.**



E-Filing Benefits - DOR

- **Fewer resources needed to process; no data entry or mail processing.**
- **Department of Revenue personnel do not have to re-key the return that may result in errors.**
- **Electronically filed returns post faster to your account for analysis and verification purposes.**



E-Filing Options

- 1. Revenue Online Single File**
- 2. Revenue Online XML created by taxpayer**
- 3. XML created by taxpayer using approved vendor software**
- 4. Revenue Online approved spreadsheet upload**



E-Filing Options

- **Revenue Online Single File** - Single file locations can use this filing method. Note that multi-locations filers with more than one branch (site) can file multiple branches one by one with single filing.
- Sign up to access your sales tax account online using Revenue Online at www.colorado.gov/RevenueOnline.



E-Filing Options

- **Revenue Online XML** – the taxpayer must be pre-approved to file by this method. This generally requires more expertise to setup and is most often utilized by larger firms.
 - Good for businesses with any number of locations.

For information on how to test this format and apply for approval, go to the Taxation website at www.TaxColorado.com.



E-Filing Options

- **Vendor Software** - The vendors must be approved by DOR. The taxpayer should contact the customer support unit of their software company for instructions on how to file by XML.
- You do not need to be individually approved when you are using a approved software vendor.
- The Department of Revenue has a list of approved software vendors on our website at www.TaxColorado.com.



E-Filing Options

Approved Vendor Software -

- efileSalesTax.com
- Thomson OneSource
- CCH
- ADP Sales, Use, and Value-Added Tax Solutions
- Vertex



E-Filing Options

- **Revenue Online Spreadsheet** –
 - The taxpayer must be approved to file under this format. The spreadsheet template and Handbook are on the website with instructions for approval. The E-file spreadsheet is uploaded and converted into XML for processing.
 - Good for businesses with 5-500 locations.
- Contact the Department of Revenue for approval at locationfilers@spike.dor.state.co.us. The information can be found on the Taxation website at www.TaxColorado.com.



E-Filing Local Jurisdictions

- Grand Junction – No online filing
- Aurora – Online filing – Less than 3%
- Denver – No online filing, planned for later this year
- Colorado Springs – No online filing
- Westminster – Online filing, 23%
- Wheat Ridge – Online Filing, 25% for zero filers, 10% for paying filers



Blueprint Colorado Sales and Use Tax Working Group - Charter

- Address the lack of uniformity in how sales and use taxes are collected among jurisdictions.
- Desired outcome is a thorough analysis of ideas for the development of a uniform process to apply for and pay business taxes in Colorado.
- Provide the business community with the tools needed to be able to navigate Colorado's sales and use tax structure so businesses can easily identify:
 - What is taxable.
 - Where is it taxable.
 - What are the applicable tax rates.
 - How to accurately and efficiently remit taxes within the current context of Colorado's state, home-rule and statutory taxing authorities.

Blueprint Colorado Sales and Use Tax Working Group - Recommendations

- Create a place on the Department of Revenue's Web site that provides links to all municipalities' Web sites where the definitions of taxable items are maintained and displayed (short-term solution.)
- Design and Implement one system
 - Defines taxable items for all municipalities and the state that would be searchable by the public.
 - Includes an address locator and associated sales and use tax rate information. The seller/vendor would be "held harmless" if this information was used to determine the tax rate.
 - Include required data so one return could be filed and one payment made for all sales and use taxes in the state. A pilot program may be the best way to start.
- *The working group is currently determining the feasibility, cost, and timing of their recommendations.*



Outreach & Marketing Plan

- Tax booklets and form instructions (through focus groups, this has been proven to be the single most popular communication vehicle to get taxpayers to make the switch to electronic filing).
- News media contact, media guides, press releases, events, interviews.
- Department of Revenue and Taxation websites and pages.
- Tax classes and public outreach events.
- Tax publications, such as FYIs.
- Direct communication with taxpayers by mail with their forms.
- Public service announcements (radio, movie theatre ads).



Outreach & Marketing Plan

- Promotional materials (bookmarks for public library patrons; posters at banking institutions and public libraries; income tax e-file cards at major retail outlets).
- Partnering with local, state and federal governments to make promotional materials available to their customers.
- Partnering with major employers, school districts, local governments, state payroll to get income tax e-file information out to their employees through January payroll advice slip, employee email, employee newsletters.
- Use of the department's communication channels/services to promote e-file ("Common Questions" on our Web site; Call Center phone scripts; promotional materials at Taxation service centers; Tax InfoEmail news subscription service; Taxation Weblog).
- Cross promotion of e-file service through other department divisions: Lottery, Motor Vehicle, Racing, Liquor Enforcement.
- Eventually ceasing mailing booklets.



Closing

- Questions???

- Contact Information

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